



## House Passes Federal Reserve Audit Bill

The House of Representatives passed a bill on September 17 that would require the U.S. comptroller general to make a full audit of the Federal Reserve System and the Federal Reserve banks. The legislation, “The Federal Reserve Transparency Act of 2013,” was passed by an overwhelming 333-92 bipartisan vote. The measure received bipartisan support, with 106 Democrats joining 227 Republicans to pass it.



The bill, H.R. 24, was introduced by Rep. Paul Broun (R-Ga.), whom *The Hill* quoted as saying:

This is a vital piece of legislation that will help to usher in a new era of transparency in this nation’s monetary policy. The Federal Reserve is a creation of Congress, and it must therefore be subject to the oversight and regulation of Congress.

Broun said in a statement posted on his House website:

Today’s passage of the Audit the Fed bill brings us one step closer towards bringing much-needed transparency to our nation’s monetary policy. For the past 100 years, the Federal Reserve, a quasi-government agency, has acted under a veil of secrecy — controlling our monetary policy and thus, our economy. While in recent years, the Fed has been granted a greater role in overseeing the regulation of our financial system, current law specifically prohibits audits of the Federal Reserve’s deliberations, decisions, or actions on monetary policy. This lack of accountability and transparency has led to grievous consequences — and it must end.

In his statement, Broun also called on Senate Majority Leader Harry Reid to bring the bill before the Senate for a vote.

Rep. Thomas Massie (R-Ky.) spoke to the press about the necessity for the legislation: “Since its inception, the Federal Reserve has always operated in the shadows, without sufficient scrutiny or oversight of its operations.”

Yet not every member of the House was supportive. *The Hill* quoted Rep. Elijah Cummings (D-Md.), who said:

If enacted, this bill would severely curtail the independence that has been a hallmark for the Federal Reserve and has been essential to its ability to strengthen our country. Such audits, which could be conducted on an almost real-time basis under this bill, could have a chilling effect on the Fed.

There is an apparent connection between a House member’s support of the Constitution, as measured by *The New American’s* “Freedom Index,” and his willingness to demand accountability from the Fed. On the most recent Freedom Index, Broun scored 91 percent; Massie, 96 percent; and Cummings, an anemic 22 percent.

“The Federal Reserve Transparency Act of 2013” had its origins in “The Federal Reserve Transparency Act of 2009,” introduced in the 111th Congress by former Rep. Ron Paul (R-Texas). Rep. Broun



Written by [Warren Mass](#) on September 18, 2014

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cosponsored both bills. The bill was reintroduced in the House by Paul, and in the Senate by his son Rand Paul (R-Ky.) during the 112th Congress, and the House bill was passed 327 to 98 on July 25, 2012.

Broun — like both Sen. Paul and former Rep. Paul — is a medical doctor who has had a solidly constitutionalist voting record since he entered the House in 2007.

Senator Paul has introduced in the Senate a companion bill, S. 209 (called the Federal Reserve Transparency Act of 2014). Though the bill has 30 cosponsors, representing three-fifths of the Senate membership, a senior Senate Democratic aide told Reuters that there are no plans to consider the legislation before the end of the year.

If the Senate does not vote on the bill before the next Congress takes office in January, the House measure will die. It would need to be reintroduced in the next Congress. However, if Republicans gain control of the Senate in the November elections, its chances of being brought to a vote in the next Congress would improve considerably. And while President Obama might be opposed to the legislation, a veto might prove to be politically disadvantageous, considering that it has bipartisan support.

Like the House bill, S. 209 requires a full audit of the board of governors of the Federal Reserve System and the Federal Reserve banks by the comptroller general of the United States within 12 months after the date of the enactment of the act.

During his tenure in Congress, Rep Paul was a leading opponent of the Federal Reserve and introduced H.R. 1094, the Federal Reserve Board Abolition Act, in the 112th Congress. The official description of the bill read: “To abolish the Board of Governors of the Federal Reserve System and the Federal Reserve banks, to repeal the Federal Reserve Act, and for other purposes.” Paul introduced that bill on March 15, 2011, but it failed to secure a single cosponsor and died in committee.

In his address to the Speaker of House defending his bill, Paul stated, in part:

Since the creation of the Federal Reserve, middle and working-class Americans have been victimized by a boom-and-bust monetary policy. In addition, most Americans have suffered a steadily eroding purchasing power because of the Federal Reserve’s inflationary policies. This represents a real, if hidden, tax imposed on the American people....

Abolishing the Federal Reserve will allow Congress to reassert its constitutional authority over monetary policy. The United States Constitution grants to Congress the authority to coin money and regulate the value of the currency. The Constitution does not give Congress the authority to delegate control over monetary policy to a central bank. Furthermore, the Constitution certainly does not empower the federal government to erode the American standard of living via an inflationary monetary policy....

I urge my colleagues to stand up for working Americans by putting an end to the manipulation of the money supply which erodes Americans’ standard of living, enlarges big government, and enriches well-connected elites, by cosponsoring my legislation to abolish the Federal Reserve.

The circumstances under which the Federal Reserve was brought into being provide an example of one of the greatest power grabs in American history, in which a consortium of the most powerful bankers in the nation created and gained control of a monopoly that enabled them to manipulate our money supply at will to serve their own interests.

The most outspoken opponent to the establishment of the Federal Reserve in Congress in 1913 was Rep. Charles Lindbergh, Sr. — father of the famous aviator. In 1913, Lindbergh wrote a book that



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indicted the big bankers he believed were seeking to gain control of our money supply: *Banking, Currency, and the Money Trust*.

Lindbergh spoke vehemently against the proposed Federal Reserve, stating:

This Act establishes the most gigantic trust on earth.... When the President signs this Act, the invisible government by the Money Power, proven to exist by the Money Trust Investigation, will be legalized.... The money power overawes the legislative and executive forces of the Nation and of the States. I have seen these forces exerted during the different stages of this bill (Source: *Congressional Record*, Vol. 51, p. 1446. December 22, 1913.)

In 1917, Lindbergh brought articles of impeachment against members of the Federal Reserve Board including Paul Warburg and William Proctor Gould Harding. The Minnesota congressman charged that the Federal Reserve Board members were involved “in a conspiracy to violate the Constitution and laws of the United States.”

Congressman Lindbergh would be proud of his successors in Congress, including Rep. Paul, Rep. Broun, and Senator Paul, who have continued to fight the Federal Reserve that he warned so strenuously against.



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